2	relating to a disclosure in certain offers to purchase a mineral or				
3	royalty interest.				
4	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:				
5	SECTION 1. Subchapter F, Chapter 5, Property Code, is				
6	amended by adding Section 5.152 to read as follows:				
7	Sec. 5.152. CERTAIN PURCHASES OF MINERAL OR ROYALTY				
8	INTERESTS VOID. (a) This section applies only to the conveyance of				
9	a mineral or royalty interest by an instrument that:				
10	(1) is presented to the owner of the interest by the				
11	person acquiring the interest;				
12	(2) is titled an oil and gas lease or an oil and gas				
13	royalty lease or has other words in the caption or other prominently				
14	displayed label that indicate that the transaction is a lease of a				
15	mineral or royalty interest; and				
16	(3) has the effect of conveying, permanently or for a				
17	term, all or a portion of the owner's:				
18	(A) mineral interest in lands covered by an				
19	existing oil, gas, or mineral lease; or				
20	(B) royalty interest in production from an				
21	existing oil, gas, or mineral lease.				
22	(b) This section does not apply to a conveyance of a mineral				
23	or royalty interest by an instrument that:				
24	(1) is an oil, gas, or mineral lease;				

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1	(2) conveys a mineral or royalty interest for a term;			
2	<u>and</u>			
3	(3) provides that the interest conveyed vests in			
4	possession after the expiration or termination of all or a portion			
5	of the interest conveyed by an existing oil, gas, or mineral lease			
6	in effect at the time of the execution of the instrument, commonl			
7	referred to as a top lease.			
8	(c) A conveyance instrument described by Subsection (a)			
9	<pre>must include:</pre>			
10	(1) a conspicuous statement printed at the top of the			
11	first page of the instrument below the caption, if any, in an			
12	approximate type size of at least 14 points and in substantially the			
13	<pre>following form:</pre>			
14	THIS IS NOT AN OIL AND GAS LEASE. YOU ARE SELLING ALL OR A PORTION OF			
15	YOUR MINERAL OR ROYALTY INTERESTS IN (DESCRIPTION OF PROPERTY BEING			
16	CONVEYED).			
17	; and			
18	(2) a conspicuous statement printed at the top of each			
19	subsequent page of the instrument and immediately above the			
20	signature of the person conveying the interest in an approximate			
21	type size of at least 14 points and in substantially the following			
22	<pre>form:</pre>			
23	THIS IS NOT AN OIL AND GAS LEASE. YOU ARE SELLING ALL OR A PORTION OF			
24	YOUR MINERAL OR ROYALTY INTERESTS.			
25	(d) If the conveyance instrument does not include the			
26	statements required by Subsection (c), the conveyance is void.			

(e) A person who has conveyed a royalty or mineral interest

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- 1 in a conveyance that is void under this section may bring suit
- 2 against the purchaser of the interest to remove the conveyance as a
- 3 cloud on title and may recover from the purchaser:
- 4 (1) all royalties and bonuses paid to the purchaser
- 5 and any successor or assign of the purchaser;
- 6 (2) court costs; and
- 7 <u>(3) reasonable attorney's fees.</u>
- 8 <u>(f) The remedies under this section are in addition to any</u>
- 9 other rights or remedies a person may have at law or pursuant to
- 10 contract.
- 11 SECTION 2. The change in law made by this Act applies only
- 12 to an agreement entered into on or after the effective date of this
- 13 Act. An agreement entered into before the effective date of this
- 14 Act is governed by the law as it existed immediately before the
- 15 effective date of this Act, and that law is continued in effect for
- 16 that purpose.
- 17 SECTION 3. This Act takes effect September 1, 2019.

H.B. No. 3838

President of the	Senate	Speaker of the House		
I certify that H.B. No. 3838 was passed by the House on May 3,				
2019, by the follow	ing vote: Y	Yeas 138, Nays 5, 1 present, not		
voting.				
		Chief Clerk of the House		
I certify that	H.B. No. 38	38 was passed by the Senate on May		
22, 2019, by the following vote: Yeas 31, Nays 0.				
		Secretary of the Senate		
APPROVED:		_		
	Date			
		_		
Go	vernor			